an HTS article description for live porcine animals and pork and pork products subject to assessment under the Act. It was the commentor's opinion that such changes were necessary to make the listed HTS numbers correctly conform to corresponding TSUS numbers. Based on a review of the latest available information on the conversion of TSUS numbers to HTS numbers, the Agency concurs with the recommended changes and has revised the applicable numbers in the chart that appears in this supplementary information section accordingly. The changes do not result in any deletions or additions to the list of HTS numbers published in the tables of import assessments for live porcine animals and pork and pork products contained in § 1230.110 on page 52628 of the interim final rule (53 FR 27628).

This final rule adopts with some modifications the provisions of the interim final rule. Such changes are to facilitate the application of the regulation. Accordingly, the interim final rule amending 7 CFR Part 1230 which was published at 53 FR 52626 on December 29, 1988, is adopted as a final rule with the following changes.

List of Subjects in 7 CFR Part 1230

Administrative practice and procedure, Advertising, Agricultural research, Marketing agreement, Meat and Meat products, Pork and pork products.

PART 1230—PORK PROMOTION, RESEARCH, AND CONSUMER INFORMATION

1. The authority citation for 7 CFR Part 1230 continues to read as follows:

Authority: 7 U.S.C. 4801–4819.

2. Amend Subpart B—Rules and Regulations, by revising § 1230.110 to read as follows:

§ 1230.110 Assessments on imported live porcine animals, pork, and pork products.

The following HTS categories of imported live porcine animals are subject to assessment at the rate specified.

Live porcine animals	Assessment
0103.10.00004	0.25 percent Customs Entered Value
0103.91.00006	0.25 percent Customs Entered Value
0103.92.00005	0.25 percent Customs Entered Value

The following HTS categories of pork and pork products are subject to assessment at the rate specified.

Pork and pork products	Assessment	
	Cents/lb	Cents/kg
0203.11.00002	.18	0.396828
0203.12.10009	.18	.396828
0203.12.90002	.18	.396828
0203.19.20000	.21	.462966
0203.19.40006	.18	.396828
0203.21.00000	.18	.396828
0203.22.10007	.18	.396828
0203.22.90000	.18	.396828
0203.29.20008	.21	.462966
0203.29.40004	.18	.396828
0206.30.00006	.18	.396828
0206.41.00003	.18	.396828
0206.49.00005	.18	.396828
0210.11.00003	.18	.396828
0210.12.00208	.19	.418874
0210.12.00404	.19	.418874
0210.19.00005	.21	.462966
1601.00.20007	.25	.551150
1602.41.20203	.28	.617288
1602.41.20409	.28	.617288
1602.41.90002	.18	.396828
1602.42.20202	.28	.617288
1602.42.20408	.28	.617288
1602.42.40002	.18	.396828
1602.49.20009	.25	.551150
1602.49.40005	.21	.462966

Done at Washington, DC, on April 17, 1989.

J. Patrick Boyle,

Administrator.

[FR Doc. 89–9501 Filed 4–19–89; 8:45 am]

BILLING CODE 3410–02–M

7 CFR Part 1260

[No. LS–88–101]

Beef Promotion and Research

AGENCY: Agriculture Marketing Service, USDA.

ACTION: Final rule.

SUMMARY: This final rule adopts with some modifications an interim final rule which amended the Beef Promotion and Research Order (Order) by (1) changing the Tariff Schedule of the United States (TSUS) numbers which identify imported cattle, beef, and beef products subject to assessments under the Order to conform with a new numbering system—the Harmonized Tariff System (HTS) to be implemented by the U.S. Customs Service (USCS); (2) expanding the table concerning the assessment rates for imported cattle, beef, and beef products to include four new categories for edible meat offal of bovine animals; and (3) clarifying the language pertaining to the expenses of the Cattlemen's Beef Promotion and Research Board (board). This final rule also incorporates a list of the assessment amounts for each HTS category in cents per kilogram. These changes will facilitate the continued collection by USCS of assessments on imported cattle and beef and beef products.

EFFECTIVE DATE: May 22, 1989.

ADDRESS: Ralph L. Tapp, Chief, Marketing Programs and Procurement Branch, Livestock and Seed Division, Agricultural Marketing Service; USDA, Room 2610–S, P.O. Box 96456, Washington, DC 20090–6456.

FOR FURTHER INFORMATION CONTACT: Ralph L. Tapp, Chief, Marketing Programs and Procurement Branch, (202) 447–2650.

SUPPLEMENTARY INFORMATION: This final rule has been reviewed under USDA procedures established to implement Executive Order No. 12291 and Departmental Regulation 1512–1, and is hereby classified as a nonmajor rule under the criteria contained therein.

This action was also reviewed under the Regulatory Flexibility Act (RFA), (5 U.S.C. 601 et seq.). Many importers may be classified as small entities. This final rule (1) revises the table containing the numbers identifying imported cattle, beef, and beef products listed in table 1260.172 in the Order (7 CFR 1260.172) from the former TSUS numbers to the HTS numbers to conform with the USCS conversion to the new HTS, (2) expands the table to include four new categories for edible meat offal of bovine animals, (3) clarifies the language pertaining to expenses of the board, and (4) lists assessment amounts for imported beef and beef products in cents per kilogram. Except for the second change, this action will not impose any requirements on importers beyond those previously discussed in the July 18, 1986, issue of the **Federal Register** (51 FR 26132) when it was determined that the Order would not have a significant effect upon a substantial number of small entities. The conversion to the new HTS numbering system implemented by the USCS on January 1, 1989, is merely a technical change and will impose no new requirements on the industry. It is estimated that the increase in total assessments collected on imports as a result of the change made in this final rule will be less than 1 percent over a 12-month period as a result of the new assessments. This impact will be minimal. Any additional costs will be outweighed by the benefits derived from the operations of the Beef Promotion and Research Program. The changes in the language pertaining to the expenses of the board are merely for clarification. Accordingly, the Administrator of the Argicultural Marketing Service has determined that this action will not have a significant economic impact upon a substantial number of small entities.

The Beef Promotion and Research Act of 1985 (7 U.S.C. 2901 et seq.) approved December 23, 1985, authorizes the establishment of a national beef promotion and research program. The program is funded by a $1.00-per-head assessment on all cattle marketed in the United States and an equivalent amount of assessment on imported cattle, beef, and beef products. The final Order establishing a beef promotion and research program was published in the July 18, 1986, issue of the **Federal Register** (51 FR 26132) and assessments began on October 1, 1986. The Order requires importers of cattle to pay to the USCS, upon importation, an assessment of $1.00-per-head for cattle imported. Also importers of beef and beef products, which includes veal, must pay to the USCS, upon importation, an assessment equivalent to $1.00-per-head. As a matter of practicality, the assessment on imported beef and beef products is expressed in cents per pound for each type of such products. The formula for converting the live animal equivalent of $1.00-per-head to an assessment per pound is described in the supplementary information accompanying the Order and published in the July 18, 1986, issue of the **Federal Register** (51 FR 26136). The initial schedule of assessments is listed in a table in § 1260.172 (7 CFR 1260.172) of the Order for each type of beef and beef product identified by a TSUS number. Edible meat offal of bovine animals was not previously included in the list of TSUS numbers listed in the Order as subject to assessment upon importation. It is estimated that total assessments collected on imports will increase by less than 1 percent over a 12-month period as a result of these assessments.

The USCS has implemented a new numbering system, the Harmonized Commodity Description and Coding System, otherwise known as the Harmonized Tariff System (HTS), to replace the Tariff Schedule of the United States numbering system. The HTS numbering system became effective January 1, 1989, as part of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100–418, 102 Stat. 1107).

One of the purposes of this final rule is to revise the present table found under § 1260.172 (7 CFR 1260.172) of the Order to reflect the change from the TSUS numbering system listed therein to the HTS numbering system. This revised table lists (1) the HTS numbers for imported cattle, beef, and beef products which conform to the proviously listed TSUS numbers and are subject to assessment under the Order, and (2) the HTS numbers for edible meat offal of bovine animals which were not identified under the previous TSUS numbering system but are subject to assessment under the Order and (3) assessment amounts for imported beef and beef products in cents per kilogram. This change permits the USCS to continue to collect assessments due on imported cattle, beef, and beef products already being assessed and begin collection of assessments due on edible meat offal of bovine animals in conjunction with its regular importation processing and collection system.

The new HTS system uses an 11-digit number to identify specific imports such as cattle, beef, or beef products compared with a 7-digit number used in the TSUS system. Under the HTS, some of the major TSUS categories for cattle, beef, and beef products subject to assessment have been subdivided, and the new categories have been assigned HTS numbers; other major TSUS categories remained unchanged but were renumbered with HTS numbers; and the veal category under the TSUS numbering system has been subdivided and renumbered with HTS numbers.

Under the TSUS system, edible beef offal was not identified by a specific TSUS number as were other types of beef and beef products. Consequently, edible beef offal was not included in the table in § 1260.172 (7 CFR 1260.172) of the Order for assessment purposes. However, under the new HTS, edible beef offal is identified by four separate HTS numbers. These numbers have been included in the revised table.

As a result of these changes from the TSUS system to the HTS system there are 8 categories which cover imported cattle subject to assessment compared with the previous 10 TSUS categories. The 16 TSUS categories of beef and beef products listed in the table in the Order subject to assessment have been expanded to 24 HTS categories and 2 subcategories. Four new categories have been added. The cattle, beef, and beef products subject to assessment and the assessment under the TSUS system remain unchanged. The four new categories will be assessed at a rate equivalent to $1.00-per-head according to the formula described in the supplementary information accompanying the Order and published in the July 18, 1986, issue of the **Federal Register** (51 FR 26136). The assessment rate is .20 cents per pound for each of the four new categories. The following chart lists a comparison of the new HTS numbers and the former TSUS numbers for imported cattle, beef, and beef products subject to assessment under the Act and Order.

HTS-Number	HTS-Article-Description	TSUS-Number
	Imported Live Cattle	
	Live bovine animals:	
	Purebred breeding animals:	
	Dairy:	
0102.10.00103	Male	100.0130
0102.10.00201	Female	100.0140
	Other:	
0102.10.00309	Male	100.0130
0102.10.00504	Female	100.0150
	Other:	
0102.90.20004	Cows imported specially for dairy purposes	100.5000
	Other:	
0102.90.40206	Weighing less than 90 kg each	100.4000/100.4300
0102.90.40402	Weighing 90 kg or more but less than 320 kg each	100.4500
0102.90.40607	Weighing 320 kg or more each	100.5300/100.5500
	Imported Beef and Beef Products	
	Meat of bovine animals, fresh or chilled:	
	Carcasses and half-carcasses:	
0201.10.00103	Veal	106.1080
0201.10.00906	Other	106.1020
	Other cuts with bone in:	
	Processed:	
0201.20.20009	High-quality beef cuts	107.6100

HTS-Number	HTS-Article-Description	TSUS-Number
0201.20.40005	Other	107.6200
0201.20.60000	Other	106.1020
	Boneless:	
	Processed:	
0201.30.20007	High-quality beef cuts	107.6100
0201.30.40003	Other	107.6200
0201.30.60008	Other	106.1060
	Meat of bovine animals, frozen:	
	Carcasses and half-carcasses:	
0202.10.00102	Veal	106.1080
0202.10.00905	Other	106.1040
	Other cuts with bone in:	
	Processed:	
0202.20.20008	High-quality beet cuts	107.6100
0202.20.40004	Other	107.6200
0202.20.60009	Other	106.1040
	Boneless:	
	Processed:	
0202.30.20006	High-quality beef cuts	107.6100
0202.30.40002	Other	107.5500/107.6200
0202.30.60007	Other	106.1060
	Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled, or frozen:	
0206.10.00000	Of bovine animals, fresh or chilled	na
	Of bovine animals, frozen:	
0206.21.00007	Tongues	na
0206.22.00006	Livers	na
0206.29.00009	Other	na
	Meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal:	
0210.20.00002	Meat of bovine animals	107.4000/107.4500
	Sausages and similar products, of meat, meat offal or blood; food preparations based on these products:	(na-edible beef offal)
	Other:	
1601.00.40003	Beef in airtight containers	107.2000
	Other:	
1601.00.60204	Beef	107.2520
	Other prepared or preserved meat, meat offal or blood:	
	Of bovine animals:	
1602.50.05004	Offal	na.
	Other:	
	Not containing cereals or vegetables:	
1602.50.09000	Cured or pickled	107.4500
	Other:	
	In airtight containers:	
	Corned beef:	
1602.50.10203	In containers holding less than 1 kg	107.4820/107.4840
1602.50.10409	Other	107.4840
	Other:	
1602.50.20201	In containers holding less than 1 kg	107.5220/107.5240
1602.50.20407	Other	107.5240
1602.50.60006	Other	107.6300

This final rule also clarifies the language pertaining to the expenses of the Cattlemen's Beef Promotion and Research Board found in § 1260.151(a) of the Order (7 CFR 1260.151(a)) and established in the final rule on July 18, 1986, at 51 FR 26141. That section provides that the Board is authorized to incur such expenses (including provision for a reasonable reserve) as the Secretary finds are reasonable and likely to be incurred by the Board for its maintenance and functioning and enable it to exercise its powers and perform its duties in accordance with that subpart. It further provides that such expenses incurred by the Board shall not exceed 5 percent of the projected revenue of that fiscal period. The same provision in the proposed rule, found at 51 FR 8990 and designated as § 1260.171, stated that "administrative expenses" incurred by the board shall not exceed 5-percent of the projected revenue of that fiscal period.

The Beef Promotion and Research Act (7 U.S.C. 2901 et seq.) which authorizes the Order limits only "administrative expenses" to the 5-percent limit. Section 2904(4)(D) (7 U.S.C. 2904(4)(D)) provides that the total costs of collection of assessments and administrative staff incurred by the board during any fiscal year shall not exceed 5 per centum of the projected total assessment to be collected by the board for such fiscal year.

It is in a separate provision, not subject to the 5 percent limitation, that the Act authorizes a reasonable reserve. Section 2904(8)(C) (7 U.S.C. 2904(8)(C)) provides that the assessment shall be used for payment of the costs of plans and projects as provided for in paragraph (4), and expenses in administrating the Order, including administrative costs incurred by the Secretary after the Order has been promulgated, and to establish a reasonable reserve.

Thus, under the Act, only those expenses associated with the annual cost of collecting assessment and maintaining the Board's administrative staff ("administrative expenses") are subject to the 5-percent limit. The Act does not include the reserve as an administrative expense; and, therefore, the reserve is not to be included in the 5-percent limit.

To clarify that the reserve is not subject to the 5-percent limitation under the Act and the Order, this final rule substitutes the word "Administrative" for the word "such" as the first word in the second sentence of § 1260.151(a) (7 CFR 1260.151(a)) and the phrase "expenses authorized in the paragraph" is substituted for the word "such" in the last sentence of the same paragraph.

Comments

The interim final rule requested comments from interested persons by January 30, 1989. The Department received only two comments—one from the Office of the Trade Operations, USCS, Department of the Treasury, and one from the Multilateral Trade Policy Affairs Division (MTPAD), FAS, USDA.

The USCS comment recommended that the cents-per-pound assessments listed in the table of assessments for beef and beef products in section 1260.172 (7 CFR 1260.172) of the Order also be expressed in cents per kilogram. The commentor pointed out that the "Unit of Quantity" for reporting purposes for covered products under the HTS is "kilogram." The commentor further stated that "kilogram" will be the unit in which quantities will be reported on USCS entry documents. "Pounds" will no longer be used. In the commentor's opinion, expressing rates only in cents per pound will cause confusion in the importing community, require more work in the preparation and verification of entry documents, and increase the probability of clerical errors. The Agency believes that the adoption of this recommendation would facilitate the computation, collection, and processing of assessments on imported beef and beef products. Accordingly, the cents per kilogram has been included in the table of assessments for beef and beef products in section 1260.172 for each HTS number listed therein. To determine the cents per kilogram, the cents-per-pound assessments are multipled by a mertic conversion factor of 2.2046 and carried to the sixth decimal. The other comment, submitted by FAS, recommended certain changes in the chart contained in the Supplementary Information on page 52629–30 of the interim final rule. That chart listed a comparison of the former TSUS numbers and the new corresponding HTS numbers along with an HTS article description for live cattle and beef and beef products subject to assessment under the Act. It was the commentor's opinion that such changes were necessary to make the listed HTS numbers correctly conform to corresponding TSUS numbers. Based on a review of the latest available information on the conversion of TUSUS numbers to HTS numbers, the Agency concurs with the recommended changes and has revised the applicable numbers in the chart that appears in this supplementary information section accordingly. The changes do not result in any deletions or additions to the list of HTS numbers published in the tables of import assessments for live cattle and beef and beef products contained in § 11260.172 on page 52631 of the interim final rule.

This final rule adopts with some modifications the provisions of the interim final rule. Such changes are to facilitate the application of the Order. Accordingly, the interim final rule amending 7 CFR Part 1260 which was published at 53 FR 52628 on December 29, 1988, is adopted as a final rule with the following changes.

List of Subjects in 7 CFR Part 1260

Administrative practice and procedure, Advertising, Agricultural research, Marketing agreement, Meat and meat products, Beef and beef products.

For the reasons set forth in the perามble, 7 CFR Part 1260 is amended as follows:

PART 1260—BEEF PROMOTION AND RESEARCH

1. The authority citation for 7 CFR Part 1260 continues to read as follows:

Authority: 7 U.S.C. 2901 et. seq.

2. The interim rule is corrected on page 52631 in the second column in paragraph 2. to state that only paragraph (a) of § 1260.151 is revised.

3. Revise § 1260.151(a) to read as follows:

§ 1260.151 Expenses.

(a) The Board is authorized to incur such expenses (including provision for a reasonable reserve), as the Secretary finds are reasonable and likely to be incurred by the board for its maintenance and functioning and to enable it to exercise its powers and perform its duties in accordance with this subpart. Administrative expenses incurred by the board shall not exceed 5 percent of the projected revenue of that fiscal period. Expenses authorized in this paragraph shall be paid from assessments collected pursuant to § 1260.172.

* * * * *

3. Revise § 1260.172(b)(2) to read as follows:

§ 1260.172 Assessments

* * * * *

(b) * * *

(2) The assessment rates for imported cattle, beef, and beef products are as follows:

Live Cattle	Assessment
0102.10.00103	$1.00/hd
0102.10.00201	$1.00/hd
0102.10.00309	$1.00/hd
0102.10.00504	$1.00/hd
0102.90.20004	$1.00/hd
0102.90.40206	$1.00/hd
0102.90.40402	$1.00/hd
0102.90.40607	$1.00/hd

Beef and Beef Products	Assessment	
	cents/lb	cents/kg
0201.10.00103	.77	1.697542
0201.10.00906	.20	0.440920
0201.20.20009	.28	0.617288
0201.20.40005	.27	0.595242
0201.20.60000	.20	0.440920
0201.30.20007	.28	0.617288
0201.30.40003	.27	0.595242
0201.30.60008	.27	0.595242
0202.10.00102	.77	0.697542
0202.10.00905	.20	0.440920
0202.20.20008	.28	0.617288
0202.20.40004	.27	0.595242
0202.20.60009	.20	0.440920
0202.30.20006	.28	0.617288
0202.30.40002	.27	0.595242
0202.30.60007	.27	0.595242
0206.10.00000	.20	0.440920
0206.21.00007	.20	0.440920
0206.22.00006	.20	0.440920
0206.29.00009	.20	0.440920
0210.20.00002	.35	0.771610
1601.00.40003	.25	0.551150
1601.00.60204	.25	0.551150
1602.50.05004	.35	0.771610
1602.50.09000	.35	0.771610
1602.50.10203	.35	0.771610
1602.50.10409	.35	0.771610
1602.50.20201	.37	0.815702
1602.50.20407	.37	0.815702
1602.50.60006	.38	0.837748

* * * * *

Done at Washington, DC on April 17, 1989.

J. Patrick Boyle,
Administrator.

[FR Doc. 89-9502 Filed 4-19-89; 8:45 am]
BILLING CODE 3410-02-M

Animal and Plant Health Inspection Service

9 CFR Part 91

[Docket No. 89-031]

Ports Designated for Exportation of Animals

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Final rule.

SUMMARY: We are amending the regulations concerning inspection and handling of livestock for exportation by adding Stevedoring Service of America as an operator of an export inspection facility at the port of Seattle, Washington. This action will add an additional facility through which animals may be exported.

EFFECTIVE DATE: May 22, 1989.

FOR FURTHER INFORMATION CONTACT: Dr. George Winegar, Senior Staff Veterinarian, Import-Export Animals Staff, VS, APHIS, USDA, Room 761, Federal Building, 6505 Belcrest Road, Hyattsville, MD 20782 (301) 436-8383.

SUPPLEMENTARY INFORMATION:

Background

On January 24, 1989, we published in the **Federal Register** (54 FR 3473-3474, Docket 88-047) a document proposing to amend § 91.14 by adding Stevedoring Service of America as an animal export inspection facility at the port of Seattle, Washington. Our proposal invited the submission of written comments, which were required to be postmarked or received on or before February 8, 1989. We did not receive any comments. Based on the rationale set forth in the proposal, we are adopting the provisions of the proposal as a final rule.

Miscellaneous

The telephone number of Seattle's existing animal export inspection facility, operated by S&W Export Ltd., is incorrectly listed in § 91.14. We are correcting the number to read (206) 241-1837.

Executive Order 12291 and Regulatory Flexibility Act

We are issuing this rule in conformance with Executive Order 12291, and we have determined that it is not a "major rule." Based on information compiled by the Department, we have determined that this rule will have an effect on the economy of less than $100 million; will not cause a major increase in costs or prices for consumers, individual industries, federal, state, or local government agencies, or geographic regions; and will not cause a significant adverse effect on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

The addition of another animal export inspection facility at the port of Seattle, Washington, will facilitate the exportation of livestock from the United States. We believe the addition of this facility will have little or no economic impact on animal exporters, the majority of whom are small businesses. The primary impact will be the increased convenience of having two animal export facilities from which to choose.

Under these circumstances, the Administrator of the Animal and Plant Health Inspection Service has determined that this action will not have a significant economic impact on a substantial number of small entities.

Paperwork Reduction Act

The regulations in this subpart contain no information collection or recordkeeping requirements under the Paperwork Reduction Act of 1980 (44 U.S.C. 3501 *et seq.*).

Executive Order 12372

This program/activity is listed in the Catalog of Federal Domestic Assistance under No. 10.025 and is subject to Executive Order 12372, which requires intergovernmental consultation with state and local officials. (See 7 CFR Part 3015, Subpart V.)

List of Subjects in 9 CFR Part 91

Animal diseases, Animal welfare, Exports, Humane animal handling, Livestock and livestock products, Transportation.

Accordingly, 9 CFR Part 91 will be amended as follows:

PART 91—INSPECTION AND HANDLING OF LIVESTOCK FOR EXPORTATION

1. The authority citation for Part 91 continues to read as follows:

Authority: 21 U.S.C., 105, 112, 113, 114a, 120, 121, 134b, 134f, 612, 613, 614, 618, 46 U.S.C. 466a, 466b, 49 U.S.C. 1509(d); 7 CFR 2.17, 2.51, and 371.2(d).

§ 91.14 [Amended]

2. In § 91.14, the telephone number in paragraph (a)(15)(ii)(A), "(206) 248-2360", is corrected to read "(206) 241-1837".

3. Section 91.14 is amended by adding a new paragraph (a)(15)(ii)(B) to read as follows:

§ 91.14 Ports of embarkation and export inspection facilities.

(a) * * *

(15) * * *

(ii) * * *

(B) Stevedoring Service of America, 3615 11th Avenue SW., Seattle, WA 98134, (206) 623-0304.

* * * * *

Done at Washington, DC, this 14th day of April 1989.

James W. Glosser,

Administrator, Animal and Plant Health Inspection Service.

[FR Doc. 89-9503 Filed 4-19-89; 8:45 am]

BILLING CODE 3410-34-M

SMALL BUSINESS ADMINISTRATION

13 CFR Part 108

[Rev. 4, Amdt. 21]

RIN: 3245-AB89

Loans to State and Local Development Companies

AGENCY: Small Business Administration.

ACTION: Final rule.

SUMMARY: SBA hereby reduces the minimum amount of pool certificates representing an undivided interest in a pool of development company debentures (505 certificates) from $100,000 to $25,000, in order to improve the market acceptance of 505 certificates.

EFFECTIVE DATE: April 20, 1989.

FOR FURTHER INFORMATION CONTACT: Charles R. Hertzberg, 202-653-6574.

SUPPLEMENTARY INFORMATION: On October 3, 1988 [53 FR 38737] SBA published the Notice of Proposed Rulemaking which is hereby promulgated as a final rule. No comments were received.

Section 505 of the Small Business Investment Act, 15 U.S.C. 697(b), authorizes SBA to issue certificates representing undivided ownership of all or a fractional part of a pool of development company debentures guaranteed by SBA. SBA is further authorized to guarantee the timely payment of principal and interest on these certificates. The full faith and credit of the United States is pledged to such guarantees.

Pursuant to this authority, SBA adopted a regulation which provides in relevant part that 505 certificates shall be issued in amounts of at least $100,000 [13 CFR 108.505(e)]. Experience has shown, however, that this minimum amount is too large, and that purchasers frequently split these amounts by selling fractional interests in such certificates to other investors. By reducing the minimum amount to $25,000, SBA hopes to improve the marketability of 505 certificates, and therefore eventually to reduce the interest cost to the development companies which have issued the debentures forming such pools, and to their small business borrowers.

SBA has determined that this rule is not a major rule for purposes of Executive Order 12291 because it cannot have an annual economic impact on the national economy of $100 million or more. In this regard, SBA estimated that the anticipated interest rate reduction, assuming the authorized program level